

**State of Alaska**  
**ALASKA RETIREMENT MANAGEMENT BOARD**  
**OPERATIONS COMMITTEE MEETING**

**Videoconference**

**MINUTES OF**  
**December 2, 2020**

**Wednesday, December 2, 2020**

**ATTENDANCE**

**Committee Present:** Rob Johnson, *Chair*  
Lorne Bretz  
Gayle Harbo  
Commissioner Tshibaka  
Bob Williams  
Commissioner Mahoney (Late)

**Committee Absent:** None

**ARM Board Trustees Present:** None

**Investment Advisory Council Present:** Dr. William Jennings

**Department of Revenue Staff Present:**  
Zachary Hanna, Chief Investment Officer  
Pamela Leary, Director, Treasury Division  
Scott Jones, Head of Investment Operations, Performance & Analytics  
Mike Barnhill, Deputy Commissioner  
Sean Howard, Portfolio Manager Alternatives  
Michelle Prebula, Public Equity & DC Investment Officer  
Shane Carson, State Investment Officer  
Hunter Romberg, Investment Data Analyst  
Grant Ficek, Business Analyst  
Alysia Jones, Board Liaison

**Department of Administration Staff Present:**  
Kevin Worley, CFO, Division of Retirement and Benefits  
James Puckett, Deputy Director, Division of Retirement and Benefits  
Ajay Desai, Director, Division of Retirement and Benefits

**ARMB Legal Counsel Present:**

Stuart Goering, Assistant Attorney General, Department of Law

**I. CALL TO ORDER**

CHAIR JOHNSON called the meeting of the ARM Board Operations Committee to order at 3:15 p.m.

**II. ROLL CALL**

MR. BRETZ, MS. HARBO, COMMISSIONER TSHIBAKA, MR. WILLIAMS, CHAIR JOHNSON, were present at roll call. COMMISSIONER MAHONEY joined later.

**III. PUBLIC MEETING NOTICE**

ALYSIA JONES confirmed that public meeting notice requirements had been met.

**IV. A. Approval of Agenda**

MS. HARBO moved to approve the agenda. MR. WILLIAMS seconded the motion. The agenda was approved without objection.

**B. Approval of Minutes: September 16, 2020**

MS. HARBO moved to approve the minutes of the September 16, 2020 meeting. MR. WILLIAMS seconded the motion. The minutes were approved without objection.

**V. PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS & APPEARANCES – None.**

**VI. ARMB ANNUAL MANAGER REVIEW REPORT**

MR. HANNA said the annual manager review meeting took place on November 4th from 1:00 to 4:00 p.m. He said there were approximately 20 people in attendance -- the three ARM Board Investment Advisory Council (IAC) members, Revenue senior staff, and several Callan consultants; there were four agenda items and Callan started with a background presentation on equity factors. He said they will be following up with staff on a specific analysis of the ARM Board's equity structure early next year.

MR. HANNA said they reviewed every manager in the ARM Board's portfolio. He said the managers provided a completed due diligence questionnaire which was reviewed prior to the meeting. He said the staff and Callan shared information on manager organization strategies, which was then discussed with IAC members. He said there were no issues that rose to the level of reporting to the Board.

MR. HANNA stated that the CIO of Man's Alternative Risk Premia strategy, Keith Haydon, was expected to retire in February. He said it has been a well-communicated transition but given his central role in creating the strategy and running it within the Man organization, they were considering

placing Man on the watch list once that occurs. He said they ‘would need to reach a decision in terms of staff recommendation, and that is would potentially be a topic of discussion during the March Board meeting.

MR. HANNA said the third agenda item was a brief discussion on ARM Board risk levers and current capital market conditions and that his presentation at tomorrow’s Board meeting was an outgrowth of that discussion.

MR. HANNA said that the fourth agenda item was a discussion of potential ARM Board educational topics. He said China’s national debt relevance in the current environment, diversity, options in volatility, and an oversight of internal funds were all mentioned as potential topics. He said the staff would keep those in mind for the future ARM Board agendas.

## **VII. TREASURY OPERATIONS UPDATE**

### **A. External Communications Process**

MS. LEARY explained that the ARM Board meetings were public with opportunity for oral testimony, but that written testimony was also received.

MS. LEARY stated that in response to CHAIR JOHNSON’S request in September, an informational memorandum was put together to discuss how to respond to written comments to the Board. MS. LEARY explained that the Board had a responsibility to allow the public to speak and be heard, that the Board was not statutorily required to respond to all inquiries, but written communication should be acknowledged in the ARM Board meetings.

MS. LEARY explained that communications were grouped into two categories. One was –Public Records and Freedom of Information Act requests which the liaison logs to ensure responses to requests are sent in a timely manner. She said other types of requests were categorized as general communications. She said the liaison receives the information and disseminates the information to the Chair, full Board, or staff as appropriate. She said the liaison responds to the request and updates the ARM Board communications log. She also said that if an individual Board member receives a communication that required the collective determination of the Board, the communication should be sent to the liaison.

MS. LEARY explained that in the past, the Board has written responses directly to external communications received, addressed the subject as an education discussion during a Board meeting, and occasionally posted information on the website.

CHAIR JOHNSON reminded committee members that when they get input from the public/beneficiaries, that’s the type of information that should be informing their judgement. He also said it was appropriate for Board members to bring up communications before the Board to discuss as a whole and direct specific responses or take some reaction.

### **B. Custodian Contract**

MS. LEARY said that the ARM Board was exempt from the state procurement code but did have its own regulations regarding procurement. She said the Board may delegate custodial authority, and

does so through its Resolution 2016-02, which delegates procurement-related authority to staff to procure professional services deemed necessary for the day-to-day operations of the Board. She said that she had been speaking with State Street about an extension for the custody contract, and the recommendation was that the committee recommend the Board approve use of the delegation to her to negotiate the extension of the custody contract for a period not to exceed five years.

CHAIR JOHNSON requested a motion to approve the delegation by MS. LEARY to negotiate the extension of the custody contract with State Street for a period not to exceed five years.

MS. HARBO moved to approve the action. COMMISSIONER MAHONEY seconded the motion.

A roll call vote was taken, and the action item passed unanimously.

### **C. Trustee Travel and Honorarium**

MS. LEARY presented the three-page schedule of travel and honoraria payments to Trustees from FY16 to FY20.

MR. BRETZ asked if the Trustees or staff were being consistent with the required filing for reimbursements.

MS. LEARY explained that the state had forms to fill out for travel reimbursement and the liaison collects the data and information from the Trustee and prepares the form on their behalf.

MR. BRETZ then asked if the form required the Trustee to confirm that they had requested the amount listed in the reimbursement form.

MS. LEARY explained that the liaison fills out the reimbursement forms. She said the Trustee and the liaison communicate through email to confirm all information is correct, the forms are then sent for review, and reimbursements are made only after all questions have been resolved.

MR. BRETZ requested the information be presented on an annual basis. MS. LEARY responded affirmatively, and suggested a presentation that was more at a total level than what was prepared for this meeting. MR. BRETZ said he'd take a look and follow up with MS. LEARY directly.

## **VIII. MIDDLE OFFICE UPDATE**

MR. JONES said he would be presenting the ISO 27000 assessment completed by WWT to the full Board tomorrow and that it was a good jumping off point for information-specific risk work that they are doing in Treasury. He provided an example of the continuity of operations plan, or the disaster recovery plan. He said that WWT liked the plan and the regular testing of the plan and that WWT recommended language be added stating that in the case of a cybersecurity event, one or a combination of recovery scenarios detailed in the continuity operations plan be implemented in a way

that would be commensurate with the scope and nature of the event.

## **IX. FIDUCIARY DISCUSSION UPDATE**

MR. GOERING gave an update on an item requested by MR. WEST at a previous meeting to discuss the status of insurance under AS 37.10.280. He stated that he and MS. LEARY met with the Division director for risk management in the Department of Administration to discuss what coverage currently existed, what coverage was available, and what the process was to procure the coverage.

MR. GOERING said that the ARM Board was covered under the existing insurance coverages that the state carries. He said that it was possible for the ARM Board to procure commercial insurance for a specific risk that the Board believes is not covered adequately under the existing coverages.

MR. GOERING stated that the Division director indicated that while AS 37.10.280 suggested that it was possible to ensure against acts or omissions of Trustees that could cause losses to the funds, those would be the type of losses that would be simple negligent-type things. He said that it was not possible to insure against misconduct, nonfeasance, or malfeasance.

MR. GOERING also stated that the insurance coverage that currently existed as well as insurance coverage that they might be able to obtain would benefit the state but not the individual Trustees. He stated that he did not believe the Board needed to take any further actions on this subject.

## **X. FUTURE MEETINGS**

- A. Calendar Discussion - None.**
- B. Agenda Items – None.**
- C. Requests/Follow-Ups – None.**

## **XI. OTHER MATTERS TO PROPERLY COME BEFORE THE COMMITTEE - None.**

## **XII. PUBLIC/MEMBER COMMENTS - None.**

## **XIII. ADJOURNMENT**

MS. HARBO moved to adjourn the meeting. MR. BRETZ seconded the motion. The motion passed without objection.

The meeting was adjourned at 3:43 p.m.

### **ATTEST:**

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Corporate Secretary

Note: An outside contractor recorded the meeting and prepared the summary minutes. For in-depth discussion and more presentation details, please refer to the recording of the meeting and presentation materials on file at the ARMB office